



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

Corporate Decision #98-33 June 1998

DECISION

APPLICATION OF FIRST WESTERN BANK, NATIONAL ASSOCIATION, NEW CASTLE, PENNSYLVANIA, TO PURCHASE THE ASSETS AND TO ASSUME THE DEPOSITS AND CERTAIN OTHER LIABILITIES OF SIXTEEN (16) BRANCHES OF PNC BANK, NATIONAL ASSOCIATION, PITTSBURGH, PENNSYLVANIA

Introduction

On March 25, 1998, application was made to the Office of the Comptroller of the Currency by First Western Bank, National Association, New Castle, Pennsylvania ("First Western") to purchase certain assets and to assume the deposits and certain other liabilities of sixteen (16) branches of PNC Bank, National Association, Pittsburgh, Pennsylvania ("PNC"). The application is based upon a Purchase and Assumption Agreement entered into between the proponents on February 23, 1998.

Participating Financial Institutions

As of December 31, 1997, First Western, a BIF insured national bank, had total deposits of \$1.2 billion and operated 41 offices in Pennsylvania and Ohio. As of the same date, the 16 branches to be acquired from PNC held \$415 million in BIF insured deposits. First Western, the acquiring bank, is 100% owned and controlled by First Western Bancorp, Inc., a bank holding company.

Competitive Analysis

There are three relevant geographic markets for this proposal. These are the areas where competition between First Western and PNC is direct and immediate and where each branch derives the bulk of its deposits. The three relevant geographic markets are identified below.

The Beaver Area Banking Market This is the area where six PNC branches are located and derive the bulk of their deposits. Within this market seven banks and four thrifts including two of the largest banks in the region compete for approximately \$1.3 billion in deposits. First Western is the largest depository institution in the market with approximately twenty percent of the total deposits. The branches to be acquired rank seventh in the market with approximately seven percent of the deposits. As a result of this transaction, First Western would remain the largest depository institution with approximately twenty-six percent of the market's deposits. While the proposed transaction would eliminate some direct competition in the relevant geographic market, any adverse effects would be mitigated by the presence of a number of other banking alternatives. Therefore, consummation of this proposal would not have a significantly adverse effect on competition in the relevant geographic market.

The Pittsburgh Area Banking Market and Sharon Area Banking Market The OCC reviewed the competitive effects on these markets by using its standard procedures for determining whether a purchase and assumption clearly has minimal or no adverse competitive effects. As a result of this review, the OCC finds that First Western's acquisition of PNC's branches in these markets satisfies its criteria for a purchase and assumption that clearly has no or minimal adverse competitive effects.

Johnstown Banking Market and Dubois-Jefferson County Banking Market

First Western does not compete in these banking markets. Three branches (Barnesboro, Ebensburg and Punxsutawney) that First Western proposes to assume are in these banking markets. The proposal essentially constitutes market extension for First Western and would have no significant adverse effects

Accordingly, consummation of this transaction will not have a significantly adverse effect on competition in any banking market.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of First Western and PNC do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually, are considered favorable both before and after the purchase and assumption and it is expected that First Western, the acquiring bank, will continue to meet the convenience and needs of the communities served by the branches.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicants' records of helping to meet the credit needs of their communities, including low- and moderate income neighborhoods, is less than satisfactory. The proposal does not contemplate the closing of any of First Western's existing branches or any of the branches to be acquired. Acquiring bank plans to offer a full array of products and services to customers of the branches being acquired.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, this application is approved.

_____/s/
MICHAEL G. TISCIA
Licensing Manager

Date: May 20, 1998

Charter #562

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